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July 16, 2009

Dean K. Matsuura
Manager, Regulatory Affairs
Hawaiian Electric Company, Inc.
P. O. Box 2750
Honolulu, Hawaii 96840-0001

Re: Docket No. 2008-0303, In re. Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company, Ltd. for Approval of the Advanced Metering Infrastructure (AMI) Project and Request to Commit Capital Funds, to Defer and Amortize Software Development Costs, to Begin Installation of Meters and Implement Time-of-Use Rates, for Approval of Accounting and Ratemaking Treatment and Other Matters

Dear Mr. Matsuura:

Enclosed please find additional information requests ("IRs") prepared by the Commission's consultant, the National Regulatory Research Institute, for the above-referenced docket. Please respond within thirty days of the date of this letter.

Please contact the undersigned if you have any questions.

Sincerely,

Stacey Kawasaki Djou
Commission Counsel

SKD:ps

c: Thomas W. Williams, Jr., Esq./Damon L. Schmidt, Esq.
Catherine P. Awakuni
Henry Q Curtis/Kat Brady
Warren S. Bollmeier II
Mark Duda

Information Requests

1. According to the HECO Companies' response to HSEA-HREA-IR-6:

   "Customers receiving a non-customer-initiated installation of an AMI meter during the general AMI roll-out period, but before the completion of a full roll-out of AMI meters, will remain on their current rate schedule or may choose to opt into the appropriate TOU billing rate. Customers will be able to opt into a TOU rate by notifying the utility company of their desire to do so with the appropriate TOU rate effective the next billing cycle after the provision of notice to the company."

   According to Section 15 of the HCEI Agreement, *Pricing Principles and Programs*, "The parties also believe that participation in pricing programs should generally be on an opt-out basis."

   Please provide a full and detailed narrative explanation of why the HECO Companies propose that TOU rates be opt-in during the roll-out period rather than opt-out or mandatory.

2. According to the HECO Companies' response to HSEA-HREA-IR-6:

   "At the completion of the general roll-out of AMI, all commercial customers will be placed on a mandatory TOU rate subject to the availability of the Meter Data Management System (MDMS) and a Customer Information System (CIS) capable of handling the volume of transactions required; and in accordance with the HECO Companies' commitments under the Energy Agreement with the State of Hawaii and the Division of Consumer Advocacy, section 15, Pricing Principles and Programs."

   According to Section 15 of the HCEI Agreement, *Pricing Principles and Programs*, "The parties also believe that participation in pricing programs should generally be on an opt-out basis."

   A. After the general AMI roll-out, do the HECO Companies propose that TOU rates be opt-in, opt-out, or mandatory for noncommercial customers?

   B. Have the HECO Companies considered or attempted to quantify the difference in participation rate and peak demand reduction for scenarios in which TOU rates are (a) opt-in, (b) opt-out, or (c) mandatory for all customers? If so, please provide the results of any such studies or analysis.

   C. Please provide a full and detailed narrative explanation of why the HECO Companies propose that TOU rates for commercial customers be mandatory, rather than opt-out, at the completion of the AMI roll-out.

3. Please describe all efforts by the HECO Companies to obtain low-interest loans or funding for some or all of the proposed AMI cost with funds from the American Recovery and Reinvestment Act and other federal sources. Describe the HECO Companies' current perception of the likely level of such low-interest loans or federal funding.

4. Act 155 (2009) requires that the energy resources coordinator:

   "Assist public and private agencies, in coordination with the department of budget and finance, in accessing the use of special purpose revenue bonds to finance the engineering, design, and construction of transmission projects and infrastructure that are deemed critical to the development of renewable energy."

Please describe the anticipated use of the financing provisions in Act 155. How much could these provisions reduce the cost of financing the AMI project?

5. In response to CA-IR-12, the HECO Companies described how AMI meters for most customers will provide interval data every 60 minutes.

   A. Can these intervals be shortened without replacing the customers' AMI meters?

   B. To what extent would it be more costly to upgrade AMI systems to provide fifteen-minute or five-minute read intervals in the future than to do so when the AMI system is being deployed?

   C. Please describe the future process of upgrading the AMI to provide fifteen minute and five minute read intervals for all customers.

6. According to the HECO Companies' response to CA-IR-3:

   "The Companies' estimate of quantifiable costs and benefits indicates that the AMI Project has a non-discounted Benefit/Cost Ratio of 1.31 for HECO, 1.12 for MECO, and 1.10 for HELCO. Simple payback periods for HECO, MECO, and HELCO are 13, 17, and 20 years respectively as shown in Attachment 4 to this response. The Companies' estimate of quantifiable costs and benefits indicates that the AMI Project has a discounted Benefit/Cost Ratio of 0.73 for HECO, 0.64 for MECO, and 0.64 for HELCO."

The following table is from Attachment 1 of the HECO Companies' response to CA-IR-3:

	[1] AMI Benefit Cost Evaluation	
	[2] B/C Ratio Discounted	B/C Ratio Stright Line
HECO	[3] 0.94	1.42
HELCO	[3] 0.71	1.00
HELCO	[3] 0.81	1.17

Benefit Cost Ratio Analysis using the Estimated Costs and the Estimated Quantifiable Benefits for the AMI Project for the years 2010 through 2029

[1] from the AMI Model V1.1.

[2] A discount Rate of 8.62% was used for this analysys

[3] Refer to CA-IR 2 - AMI Model V1.1, Section XIII.D.3

A. Please reconcile the different cost-benefit ratios in the narrative response and the table.

B. Please provide workpapers and spreadsheets used to calculate cost-benefit ratios and payback periods, with active formulas and all cells unlocked.

7. Please provide the worksheets in Attachment 1 of the HECO Companies' response to CA-IR-2 in Excel and not PDF format, with active formulas and all cells unlocked.

8. Please provide the worksheets in and underlying Attachment 1 of the HECO Companies' response to CA-IR-35 (revised Exhibit 19) in Excel and not PDF format, with active formulas and all cells unlocked.